

ENTREPRENEURIAL STRATEGIES OF GROWING A SMALL BUSINESS HEALTH CLUB

Hannah L. Fleishman

A thesis submitted to the faculty of the University of North Carolina at Chapel Hill in partial fulfillment of the requirements for the degree of Master of Arts in the Department of Exercise and Sport Science (Sport Administration).

Chapel Hill
2015

Approved By

Erianne Weight

Coyte Cooper

Diane Groff

Lauren Mangili

© 2015
Hannah L. Fleishman
ALL RIGHTS RESERVED

ABSTRACT

Hannah L. Fleishman: Entrepreneurial Strategies of Growing a Small Business Health Club
(Under the direction of Erianne Weight)

The following work analyzes entrepreneurial strategies of opening and growing a financially successful small business health club in the Research Triangle Park area. Questions were answered regarding business planning, business model, promotions and daily practices to examine if there is a superior method to ensure financial success in the fitness industry. An online survey was used to gather information from 43 small business health clubs. Answered by only the owners, managers and assistant managers, chi-square analyses demonstrate no pattern for success pertaining to formal business plans, nor best business models. However the open ended questions pertaining to the health clubs' biggest challenges and strategies to differentiate themselves in the market place show recurring themes of entrepreneurial strategies for growing a successful health club and business.

ACKNOWLEDGMENTS

Thank you to all of my family and friends who have supported me throughout my Master's Program and research project. Among the many, these persons require special mention:

Most importantly, thank you to my thesis advisor, Erianne Weight, for inspiration, and guidance throughout my academic and personal journey. Thank you for being a role model and mentor to me in so many aspects of my life. I can honestly say I am unsure of where I would be without your guidance and support. Thank you for your enthusiasm, creativity, and the encouragement to pursue my passions and fearlessly tackle all of my challenges.

Coyte Cooper, for devoting your time and infectious energy into helping me accomplish so many of my goals over the past few years. I hope to continue to learn from you and grow with you in the years to come.

Lauren Mangili and Diane Groff, I am so lucky to have met both of you my first year at UNC Chapel Hill as an undergrad! I am grateful to have both of you still by my side; supporting me and challenging me. I promise to make you both proud!

My mother, for making me laugh, reminding me of what is most important in life and the value of staying true to myself. Thank you for teaching me how to celebrate the small triumphs we have every day and the importance of taking a moment to just breathe.

My father, thank you for passing along to me your drive, work ethic and Carolina blue blood. I am so grateful I inherited your passion and unquenchable thirst for knowledge and self-improvement. I know you always have my back!

TABLE OF CONTENTS

LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix
CHAPTER 1:INTRODUCTION.....	1
Statement of Purpose.....	2
Significance.....	2
Research Questions and Hypotheses.....	3
CHAPTER 2: REVIEW OF THE LITERATURE.....	5
Business Plan.....	5
Funding.....	7
Certifications.....	8
Marketing.....	9
Market Research.....	10
Location.....	11
Competition.....	12
Sales Promotion.....	13
Brand Equity.....	13
Social Media Use.....	16
Staff and Service.....	16
Other Considerations.....	17
Licensing.....	17

Franchising.....	19
Theoretical Foundation and Applications.....	22
CHAPTER 3: METHODOLOGY	23
Previous Studies.....	23
Subjects.....	24
Instrumentation.....	24
Data Analysis.....	25
CHAPTER 4: RESULTS.....	26
Demographic Information.....	26
Formal Business Plan Use.....	27
Health Club Business Model.....	29
Differentiation in the Marketplace.....	31
Challenges Facing Small Business Health Clubs in the RTP Area.....	32
Other Findings.....	32
CHAPTER 5: DISCUSSION.....	35
Formal Business Plan Use.....	35
Health Club Business Models.....	36
Differentiation in the Marketplace.....	38
Other Findings.....	41
Limitations.....	43
Future Studies.....	43
APPENDIX 1: RECRUITING SCRIPT.....	45
APPENDIX 2: LETTER FOR PARTICIPATING HEALTH CLUBS.....	46

APPENDIX 3: SURVEY	48
REFERENCES.....	55

LIST OF TABLES

Table 1: Small Business Health Club Demographic Information	24
Table 2: Differentiation in the Marketplace.....	29
Table 3:Biggest Challenges Facing Small Business Health Clubs.....	30
Table 4: Business Practice Information	31

LIST OF FIGURES

Figure 1: Utilization of Business Plans and Estimated Annual Profit for Small Business Health Clubs.....	27
Figure 2: Business Models and Estimated Annual Profit for Small Business Health Clubs.....	28

CHAPTER 1

INTRODUCTION

Small businesses have a large role in providing jobs throughout the country. They are a key component in keeping the unemployment rate low, and the economy flourishing (Praag & Versloot, 2007). The United States Small Business Administration (SBA) defines a small business as one that is independently owned and operated, is organized for profit, and is not dominant in its field (SBA, 2014). Dependent on the industry, size standard is based on the average number of employees for the preceding twelve months, or on sales volume that is averaged over a three-year period of time. A small business in the fitness industry is defined by the SBA as having returns of \$7.5 million or less in average annual receipts. Those who begin businesses of any size are entrepreneurs. An entrepreneur is a person who organizes and manages a business undertaking, assuming the risks for the sake of making a profit. An entrepreneur: “Sees an opportunity, makes a plan, starts the business, manages the business and receives the profits” (SBA, para. 1).

Most entrepreneurs follow a similar path of development. They must have an idea, find the necessary financing to pursue their idea, create and market their product, find consumers to purchase said product, and sell the product to said consumers (Ramachandran, 2004).

One of the most fundamental decisions an entrepreneur must consider is what type of business he or she will begin that will survive in a competitive market. There are a multitude of

industries and approaches to forming a business. Among the industries of growth, and of focus for the researcher, is the health and fitness industry.

Successful businesses in the fitness industry benefit more than just an entrepreneur and the economy. Research suggests that crime levels decline as the unemployment rate falls (Levitt, 2004) and the growth of small business health clubs promotes a healthier population. Fitness center membership is associated with an increase in health responsibility and health promoting behaviors (Boreskie, Naimark, Ready & Tate, 2005). Studies indicate that physical activity reduces asocial forms of behavior, addiction problems and improves human relationships. Physically active individuals have higher levels of endurance and cope comparatively well with stress (Krivokapić & Popović, 2011).

Every year the Physical Activity Council (PAC) conducts the largest single-source research study of sports, recreational and leisure activity participation in the United States. According to the 2013 Physical Activity Council Report, 61.2% of Americans ages 6 and older participate in fitness sports. It outnumbers all other types of athletic activities in the report, which include: individual sports, racquet sports, team sports, outdoor sports and water sports. The 2013 spending trends also reflect this pattern. The annual spending on gym memberships/fees increased “sustainably” from 2012 with a net increase of 1.3%-4.6%.

Statement of Purpose

The purpose of this study is to identify entrepreneurial strategies conducive to growing a successful fitness business in the Research Triangle Park area.

Significance

Further research about small businesses in the fitness industry benefit society two fold. The increase in initiatives of small business health clubs promotes both a healthier population

and economy. A successful small business makes contributions to the U.S. economy through taxes, product and job creation. The study is designed to benefit aspiring entrepreneurs in the RTP area especially in the health and fitness industry, as well as researchers interested in the various fitness styles and classes. This study is a mixed methods research endeavor, with two quantitative research questions and two qualitative, exploratory research questions.

Research Questions and Hypotheses

Quantitative RQ 1: Are the small business health clubs in the Research Triangle Park area that began with the writing of formal business plans more financially successful than those that did not?

H1: Small Business Health Clubs that began with the writing of a formal business plan perform financially superiorly than the small business health clubs that did not begin with the creation of formal written business plan.

Quantitative RQ 2: How do the following three exclusive groups of small business health clubs compare for financial success: independent health clubs, health clubs utilizing licensing, franchised health clubs?

H2: Small Business Franchised Health Clubs perform superiorly financially in comparison to health clubs that are not franchises.

H3: Small Business Health Clubs that carry licensed classes will not perform as financially well as franchised health clubs, but will perform financially superiorly to the health clubs that are neither franchised nor carry licensed classes.

The small business health clubs' "financial success" will be measured by their estimated annual return on investment (ROI) for the year 2014.

Qualitative RQ 3: What are current health clubs in the Research Triangle Park area doing to differentiate themselves from others in the market place?

Qualitative RQ 4: What are the primary challenges facing health clubs in the RTP area?

Because research questions three and four are exploratory in nature, no hypotheses are provided.

CHAPTER 2

REVIEW OF THE LITERATURE

The purpose of this study is to identify entrepreneurial strategies conducive to growing a successful fitness business in the Research Triangle Park area. In order to provide a solid foundation, literature exploring the following concepts will be presented: the creation of a business plan, sources of funding, certifications, marketing components of: location, competition, sales promotions, brand equity, social media use. Other concepts presented will be service and staff, licensing and franchising. A theoretical framework will be provided to justify the proposed hypotheses.

Business Plan

There is no step-by-step process or formula to becoming an entrepreneur, however entrepreneurship literature suggests that formal planning should take place prior to the creation of a new business (Burstiner, 1989). New business ventures that utilize planning have a lower likelihood of termination than other new ventures during their first few years of business (Delmar & Shane, 2004). Sexton and Van Auken's (1985) research found that 20% of start-up businesses with no business plans failed within three years, whereas the rate was only 8% for businesses that began with a planning process. Contrary to these findings, the necessity of a business plan is often debated.

Some analysts claim that the business world has experienced a shift in dynamics over the last few decades and a business plan is more constricting than it should be for the prosperity of

a business (Drejer, 2004). Some claim the creation of a formal business plan is still a relevant necessity, but it must have contingency plans and the ability to adjust to a constantly evolving market structure.

A dissenting third group of researchers assert that the traditional business plan has lost its role in business startups entirely. One researcher (Gumpert, 2002) utilized a survey with venture capitalists as participants, to inquire about their attitudes towards formal business plans. He found that 90% of the venture capitalists who participated believe business plans do not provide an accurate assessment of a company's current state, nor its future prospects. The participants expressed sentiments that the entrepreneurs are often excessively optimistic and ambitious in their planning, and their competitive landscape is overestimated, making their business plan useless.

Not all businesses are created with a formal written business plan, and some of the most successful businesses were created with no formal planning process (Castrogiovanni, 1996). Microsoft's success is not due to traditional planning, but the taking advantage of an opportunity to develop the IBM PC. Similarly, Apple computer succeeded first as a mail-order business, operated from a garage (Castrogiouvanni, 1996).

Bewayo (2010) published the findings of his study covering 355 small business owners in New Jersey. Entrepreneurs were interviewed about the activities they performed when preparing for their new business launches. A 15-item semi-structured questionnaire was prepared with the initial question: "What key steps did you take to determine the likelihood of success for your business prior to opening day?" One hundred and seventy-eight (50%) of the 355 business owners interviewed claimed to have composed business plans prior to opening their businesses. When the business owners who did not write a business plan were asked why they did not write

one, their reasons fell into three categories: there was no need to prepare a business plan, preparing a business plan was inconvenient, and they lacked the knowledge about business plans to prepare them. The response that the business plan was not needed was the dominant category cited.

Researchers Abel, Ashamalla and Orife (2008) conducted a study to investigate the relevance of a business plan in today's dynamic business environment. Data was collected from 150 investor capitalist firms from around the world through an on-line eight-question survey. The survey was e-mailed to each member listed in the International Venture Capital Database of 2005. Their results indicate that the business plan is still perceived by venture capitalists to be relevant. The survey shows that for over 98% of the venture capitalists surveyed, a business plan plays an "important" or "somewhat important" role of their overall evaluation of a new venture. Their results suggest that investors believe there to be a positive relationship between effective planning and a business's success.

The study however, is inconclusive. The data was collected in Spring 2006, and the relevance of the business plan may have changed in the past eight years. If an aspiring entrepreneur wants support from a venture capitalist they are commonly required to write a business plan (Honig & Karlsson, 2013), however many entrepreneurs may not be searching for capital investors to fund the start up of their business. He or she may have the funding they need, or utilize any of the other various avenues of funding.

Funding

Entrepreneurs may search for financial support to fund the beginning of a business. When beginning a business a person basically has two ways of attaining funds: unmonitored and monitored funds. Unmonitored funds may be procured through credit cards, friends, and family

spouses or through a second mortgage. They are acquired by the entrepreneur with little overview of the operation of his or her business (Alexander, Frid & Gartner, 2008). Monitored funds are attained through an outside financial company after a thorough overview of the business operations and/or business plan (Alexander, Frid & Gartner, 2008). Monitored funds may come through bank loans, finance companies, current employers, the SBA or venture capitalists.

Alexander, Frid and Gartner (2008) analyzed a sample from the Panel of Study of Entrepreneurial Dynamics (PSED) that were beginning a business. The purpose of their study was to examine the startup process of a business. Their survey results demonstrate that 94.6% of entrepreneurs use personal funds for the startup of their business. However, only 34.2% use personal funds alone during the early stages of the business startup. Sixty percent of the entrepreneurs who acquired the external funding, through both monitored and unmonitored sources were able to succeed getting through the startup process of a business (Alexander, Frid & Gartner, 2008).

Certifications

In the health industry is salient to employ trainers and instructors with accredited certifications to remain credible and competitive. Employing a certified staff also ensures safety for all clients. To be considered a “nationally accredited certification” the certification must be recognized by the National Commission for Certifying Agencies (NCCA: Institute for Credentialing Excellence, 2014). The NCCA’s purpose is to establish accreditation standards to ensure health, welfare and safety of the public through various certification organizations. Through the NCCA, quality accreditations are developed for over 200 certifications in over 100 organizations.

In the fitness industry there are fourteen NCCA recognized certifications for group fitness and personal training. The list includes: The Academy of Applied Personal Training Education (AAPTE), ACTION Certification (ACTION), American College of Sports Medicine (ACSM), American Council on Exercise (ACE), Collegiate Strength and Conditioning Coaches association (CSCCa), National Academy of Sports Medicine (NASM), National Council for Certified Personal Trainers (NCCPT), National Council on Strength and Fitness (NCSF), National Exercise and Sports Trainers Association (NSTA), National Exercise Trainers Association (NETA), National Federation of Professional Trainers (NFPT), National Strength and Conditioning Association (NSCA) Pilates Method Alliance (PMA) and The Cooper Institute (CI). All of the certifications require their certification exam to be taken onsite, and each test lasts a minimum of two hours comprising of a minimum of 100 questions. Some of the certification exams include two sections of more than 100 questions per each section.

Tom Spring and Nancy Jerominski (2008) are two accredited fitness experts quoted in IDEA Fitness Journal stating that a health club business gains a competitive advantage in the industry if it has more strict guidelines on qualifications, education and practical experience for their employees. In an industry where clients depend upon the expertise of a teacher or trainer, certifications and practical experience is what should separate a high quality business from a lesser quality business (Jerominski & Spring, 2008).

Marketing

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (American Marketing Association (AMA), 2013). Components of marketing include, but are not limited to market research, location, competition, sales promotion, brand equity

management and social media use. All components should be considerations during the planning process prior to beginning a business. An entrepreneur should research both his and/or her product (health club) the industry (health and fitness) and the potential consumers in the area (RTP).

Market Research. IBIS World is one of the world's leading publishers of business intelligence, specializing in industry research. The company employs teams of analysts in the US, UK and Australia to research economic and demographic data to equip organizations and entrepreneurs with industry market research, so they can make informed business decisions. According to their June 2014 report, the health club industry is a growing business in America. The industry reflects 26.5 billion dollars in revenue, 2.3 billion dollars in profit, shows 2.3% annual growth, 8.3 billion dollars in wages for the year June 2013-June 2014. According to their executive summary, it is anticipated that the industry will benefit from the growing elderly population (baby booming generation) becoming increasingly active, which will result in an increase in health club memberships (IBISWorld, 2014).

Consequently revenue is anticipated to grow at an annualized rate of 2.8% to \$30.5 billion dollars between 2014-2019. Capital costs are moderate for the industry and include the cost of fitness equipment, buildings, furniture and computers (IBISWorld, 2014). In 2014, for every dollar spent on wages, the industry incurred an estimated \$0.24 in capital costs. Wage cost is expected to account for 31.3% of total industry revenue.

IBISWorld projects that while large-scale gyms will continue to have the most command in the industry landscape, many small gyms will persist in attracting a niche market of consumers. In an effort to combat the trend, the larger gyms have begun to cater to different markets, for example female-only gyms such as Curves International.

Curves International has an estimated market share of 1.8%. It was founded in 1992 with the intention to target women, aging Baby Boomers, older adults and people who are new to exercising (IBISWorld, 2014). With more than 8,000 locations opened worldwide in a 9-year span, Curves International was named the fastest growing franchise in history by Entrepreneur magazine in 2003 (IBISWorld, 2014). 24 Hour Fitness Worldwide Inc. is another large, privately owned and operated fitness center chain that was established in 1983. It has the largest market share in the American health club market with 4.9%. It serves nearly 4 million members and offers a variety of services including personal training, group exercise classes and many strength, cardio, and functional training equipment. 24 Hour Fitness Worldwide Inc. differentiated itself from others in the market and strengthened its' market share when it partnered with the reality Television show "The Biggest Loser" (IBISWorld, 2014).

Location. Location and convenience may be the most critical variables in the health club consumer's decision-making process. Research indicates that location is an important component of fostering brand loyalty. According to Mullin and Whaley (2010), the closer an individual lives to the facility, the more likely they are to become involved with a brand. This finding suggests that entrepreneurs should focus their marketing efforts on the geographical areas that are in close proximity to their health clubs.

The Research Triangle Park area is growing, with a Metro Population of 1,233,700. The major industries in the area are Technology, Health care and Education. The median household Income is \$62,021 and the College Attainment rate is 42.0% (US Census Bureau, 2014). An entrepreneur should be strategic in choosing a location for their business, and know all forms of competition are in the area.

Competition. The consideration of competition is an essential when beginning a business. The owner of a small business must find what other companies in their market are doing to attract and retain customers. He or she must analyze the environment and determine whether or not there is the demand and space for what his or her company has to offer (Ghemawat, 2002). If a business opens in a saturated market that has no need for said product it will surely fail. It is paramount to know the competition and find a way to differentiate oneself from said competition.

The researchers Mann, Pharr, Robinson and Weihrauch (1991) conducted a survey of small business owners to learn of their attitudes and experiences when using low-cost marketing strategies to remain competitive in their market. They gathered information from a sample consisting of 99 small businesses (52 retailers, 22 service firms, two manufacturers and 23 that did not indicate the type of business). The business owners answered questionnaires about their perceptions of growing their business and remaining competitive in their market. The results indicate that the owners believe the only way to maintain a competitive advantage against the big businesses is to cultivate and fill a niche in the market place.

Agro echoes this notion in her 2007 article in IDEA Fitness Journal. In her article she advises small business health club owners how best to remain competitive in a saturated market of health clubs. She states the following 7 strategies will give a health club a competitive advantage: (1) define a niche, (2) offer reliability and innovation, (3) expand physical presence, (4) keep members happy, (5) stay connected with members, (6) stay in touch with members and (7) be active in the community. Each business should find it's own unique way of achieving the seven strategies to maintain a component authenticity, ensuring they separate themselves from

competitors in the area. One frequently used strategy used to encourage potential new members to try a small business for the first time is using sales promotions.

Sales Promotion. A key component of marketing for small businesses is sales promotion. Sales promotions may be defined as the marketing initiatives undertaken to boost sales of a product or service. Examples of sales promotion in a health club setting include, but are not limited to: discounts on memberships (e.g. student discounts, military discounts, senior citizen discount, etc.) class package discounts, free day passes, guest passes, the waiving of an enrollment fee and/or the first month's membership free. These initiatives may persuade or remind the consumer of the business and what it has to offer (Hillstrom & Hillstrom, 2005).

Sales promotions may assist a new business in attracting the attention and support it needs to create a space in the marketplace. New businesses face a greater challenge in comparison to their established counter parts. They must cultivate their own credibility in the marketplace to establish business relations with consumers. A new exchange is more difficult to achieve than maintaining an existing one (Honig & Karlsson, 2013). Some claim that new businesses maintain a liability of newness, due to their initial low brand equity.

Brand Equity. A brand is a name and/or symbols intending to identify a product and/or service as well as differentiate itself from others in the marketplace (Aaker, 1991). A brand may be composed of product attributes such as names, packages, distribution strategies, and advertising. When combined these elements can serve a salient role in brand and business development (Aaker, 1991). Studies show that brand awareness indicates loyalty in the fitness industry. This is pivotal for health club sectors, as research suggests the fitness industry suffers from low consumer retention rates (Alexandris et al. 2008).

Pedersen, Walsh and Williams (2012) conducted a study to advance brand association

research in the fitness industry. They applied spectator-sport brand association concepts from previous studies in professional sports, and applied them to the health club setting. They created a brand association scale with dimensions: nostalgia, escape, pride-in place, management, logo attractiveness, feelings of achievement, popularity and affect, product delivery, social interaction, value/price and facility. Data was collected from members of a multipurpose health club in the Midwestern US. The questionnaires were administered within the fitness facility and contained sections related to brand loyalty and general demographic information. The sample consisted of 148 completed and usable surveys from participants at the fitness/health club. Based on the results for the Kaiser-Meyer-Olkin measure of sample adequacy test (KMO score of .87 and communalities above .6) a sample size of 148 was deemed an ample amount of responses to employ an Exploratory Factor Analysis. A correlation analysis was run to examine the correlation between the variables.

The study found a relationship between brand associations and brand loyalty in a health club setting. It was found that 50% of brand loyalty's variance was predicted by brand association dimensions. This provided evidence to support the concept by Alexandris et al. (2008) that health club managers should measure the brand associations in their respective clubs and focus marketing efforts on brand associations to improve their member retention rates. Of the four significant factors in their study, value/price and location had a positive relationship with brand loyalty, while logo attractiveness and pride had a negative relationship with brand loyalty. The negative relationship between pride and brand loyalty differs from the previous literature that supports a positive relationship between pride and brand loyalty (e.g. Alexandris et al., 2008).

The "Pride" dimension is operationalized as how the brand transforms its reputation to

the community in which it is located (Funk & Gladdend, 2001). A negative relationship may suggest that members of the US health club do not consider a health club to be a focal point in the community. One reason may be the lack of community involvement and charitable contributions made by said club. Unlike professional and collegiate sports teams, many health clubs are not active in their respective communities.

The negative relationship between logo attractiveness and brand loyalty also contradicts the previous literature on the relationship between brand associations and brand loyalty in health clubs (Alexandris et al., 2008). Studies indicated that a logo enhances brand equity and should aid consumers in recalling and recognizing the brand (Keller, 2003). Pedersen, Walsh and Williams' survey question inquires about the aesthetic elements of a health club's logo (which were deemed unimportant). Although it was found that the logo attractiveness was not important, it is arguable that the creation of a recognizable logo is still salient for the brand recognition and cultivation of loyalty in health clubs.

It is also arguable that the experiment's design and methods may have slightly skewed the data. The questionnaires were only distributed in one health club in the Mid-west. It is arguable that the opinions of the residents of a single state in a single health club in the Mid-west are not applicable to the entire country. Because 96% of the responders were members of the club, they most likely all joined looking for certain elements in a health club. They chose said specific health club because it fit their preferences, meaning that most of the members prefer the same elements in a health club. Perhaps the responders in this gym do not value the attractiveness of a logo and community affiliation, but perhaps if the survey was distributed in many health clubs throughout the country the results may be different. This study leaves room for development in the strategies of building a brand and developing a flourishing health club.

There are many other aspects of marketing that may enhance brand awareness and loyalty in the health club setting.

Social Media Use. A key marketing tactic for small businesses is social media use. In today's digital society, a social media presence has become an almost imperative component to marketing (Nelowet, 2013). Social media use gains the attention of consumers on both the local and national levels. It also provides an outlet for customers to comment, share and interact with the brand, allowing the brand to capture the eyes of hundreds to potentially thousands of people in seconds. Some businesses, including French Fry Heaven franchises, are required to create Facebook, Twitter and Tumblr accounts designed to draw the attention of community members and, in turn, increase foot traffic (Nelowet, 2013). Another marketing tactic a small business owner may consider is the implementation of a loyalty program. According to Nelowet (2013), the offering of punch cards, or benefits for repeat patrons is effective in boosting brand loyalty. These types of promotions allow the brand to build a reputation as one that values its patrons.

Staff and Service

Researchers Doherty and MacIntosh conducted a study in the University of Western Ontario to understand how health clubs gain a competitive advantage in the fitness industry. According to their study, the fitness industry is a person-based industry, and in order to compete and prosper, the service environment needs to be operating at a high level (Doherty & MacIntosh, 2007). The purpose of their study was to examine the relationships between organizational culture values and standard service elements and customer satisfaction and retention in one private fitness club in Canada. They utilized survey methods and found that the following three factors measure service quality in the fitness industry and effect on members' satisfaction: (1) interaction quality (interpersonal interactions between customers and staff) (2)

physical environment (ambient conditions, facility design and social factors) and (3) outcome quality (waiting time, other tangible elements). Their findings suggest that the staff interactions and potential to create relationships with clients is a relative service element and should be included in future research as a component of business elements.

Other Considerations

The option of utilizing licensed classes or purchasing a fitness franchise in the health club industry makes for even more choices for an aspiring entrepreneur. There are now health club franchises with an open gym and weight rooms (Curves and 24-hour fitness), there are licensed classes (with licensing fees) for a gym to carry (such as Zumba, Les Mills and Crossfit) and there are franchised studios that lack an open gym and weight room floor. The franchised studios only offer (a) specialty classes(s) and members are only allowed access to the fitness center when they are participating in a class. For example an entrepreneur may open a yoga studio with his or her own unique brand (option 1). The yoga studio owner may choose to carry the licensed yoga class of Bikram Yoga, where his or her studio still has it's own unique name and logo but carries a class that is recognized with a it's own specialty certification process and licensing fee (option 2). Or the business owner may purchase a yoga franchise (such as CorePower Yoga, or Imagination Yoga) where the name and logo will be uniform with the franchises, and he or she will follow the business framework of said franchise (option 3).

Licensing. If a health club owner decides to utilize licensed classes the club will have it's own name and brand, and may also use the name and logo of the classes offered for signage and advertising. LES MILLS™ is the global leader in the licensing of fitness classes. The workouts are currently carried in 15,500 clubs and gyms in 80 countries around the world. Les Mills classes are considered a useful tool for attracting members to health clubs. An AC Nielsen

survey of 1,000 Les Mills group fitness participants in the United States showed that 90% of the participants visit their clubs at least twice a week to take part in the classes. Nearly 40% visit at least four times a week (Keller, 2007).

Health clubs pay an annual fee for the Les Mills licensing, the right to carry the classes in their facility, the pre-choreographed work out programs, which are refreshed quarterly, and the right to use their signage and logo (About Les Mills, 2014). Les Mills creates a variety of classes from kickboxing (called Bodycombat) to weight training (Bobypump) to spin classes (RPM). The cost to carry Les Mills classes differs for each facility, depending on geographic location and how many of the 10 Les Mills formatted classes are to be offered (About Les Mills, 2014). The fitness facilities with Les Mills licensing benefit from the brand equity of the Les Mills classes. If an avid Les Mills fan moves to a new state, it is likely he or she will seek out the closest health club carrying the Les Mills classes.

Similar to the Les Mills classes, Zumba is a licensed aerobic fitness class with Latin dance infusions. Zumba differs slightly from Les Mills, because the responsibility is placed upon the instructors to pay for the instructor training and certification process. A fitness facility need not pay a licensing fee to carry Zumba classes, but a licensed group fitness instructor with an additional Zumba certification (along with an NCCA recognized certification) should be hired to teach classes. Zumba in turn supports the instructor instead of the health clubs. It offers membership to a program called ZIN (Zumba Instructor Network), with an online resource that creates a profile for each instructor. It contains instructor information along with their schedule and location for classes they teach (Become a Zumba Instructor, 2014). This allows fitness businesses to search the Zumba profiles to hire instructors to teach at various locations. ZIN members receive marketing materials, posters and fliers, access to a global online network that

covers dance steps, business tips, and job openings and CDs of new music and DVDs of new choreography (Buchanan, 2012). ZIN members have the option to use the music and choreography, but they are free to choreograph their own classes. Zumba's requirement for certification but freedom for choreography makes it similar to the affiliation process for Crossfit Coaches and gyms ("boxes").

Crossfit is an athletic activity that is usually held at Crossfit "boxes". The workouts are constantly varied (called Workout of the Day or WODs) with functional movements performed at a high intensity. CrossFit, Inc. licenses the CrossFit name to gyms for an annually renewable fee of \$3,000 (called affiliation fees) and certifies trainers (How to Affiliate, 2014). Affiliates develop their own programming, pricing, and instructional methods. Crossfit boxes emphasize incorporating Crossfit into a participant's lifestyle, by encouraging attendance at a minimum of three times a week, the adoption of a "Crossfit diet" and participation in Crossfit competitions. Owners strive to create community out of their boxes (About Crossfit, 2014) and cultivate their own unique niche in the fitness market.

A business benefits from creating a niche in the market because it sets itself apart from the rest by placing a narrow focus on a specific product or service. It allows a brand to spend all of its time and energy perfecting the concept, and giving the business the opportunity to position itself as an expert (Nelowet, 2013). This is arguably the source of fitness franchise studios' success.

Franchising. The boutique fitness studio franchises have a strong brand (franchised name, logo etc.) and create a unique niche in their market. Several empirical studies report that the brand is one of the major factors that attract franchisees to join a network and continue in the franchise relationship (Dubost, Gauzente, Guilloux & Kalika, 2004; Hing, 1995). All of the

franchise fitness studios have their own business model for franchise fees, royalty fees, and business practices. Orange Theory Fitness and PureBarre are two of the many examples.

Orange Theory Fitness was developed by exercise physiologist, Ellen Latham and consists of small group cardio-respiratory interval training using heart rate monitors, row machines and treadmills. The goal of each class is to keep each participant's heart rate in the "orange zone" which is considered to be the best "fat burning" zone. As of January 2014, it has 70 open studios, with over 210 upcoming studios in development, both nationwide and internationally. The initial franchise fee to open Orange Theory Fitness is \$39,500 minimum, and requires \$500,000, minimum liquid asset. The initial investment projection for an Orange Theory Fitness studio is \$327,600 – \$634,100 and a 6% royalty fee (About Orange Theory, 2014).

Pure Barre (pronounced Bar) was created by Carrie Dorr, a professional dancer and choreographer who opened her first studio in 2001. With the use of a ballet barre, Pure Barre is similar to Pilates and consists of small, controlled movements to create strong and lean muscles, with a focus on core strength. With over 220 studios across the country it is the biggest "barre" franchise. The initial franchise fee to open a Pure Barre studio is \$44,000. The initial start up cost is approximately \$151,500 to \$252,500 and the royalty fee is 7% (About Franchising with Pure Barre, 2014). When compared to the cost of licensing, purchasing a health club franchise is considerably more expensive. However research and studies indicate that franchising is beneficial for small business owners and it increases their likelihood of financial success (Ghantous & Jaolis, 2012).

In the fitness industry, franchising fosters small-business growth, builds a business into a brand that's recognizable in the marketplace and creates income and revenue streams, according

to Michael Scott Scudder, chief executive officer (CEO) of MSS FitBiz Connection in Taos, New Mexico, who has trained and advised more than 10,000 club owners and managers worldwide.

A qualitative study conducted by Ghanous and Jaolis (2013) showed that franchisees enjoy being associated with a leading brand. Some use the brand and its image as a self-expressive tool, by stressing the importance of congruity with the franchise brand. The brand also conducts national advertising and communication campaigns which the interviewees believe enhance brand awareness and build strong brand image.

A major source of franchise based brand equity seems to be the franchisee's perceptions of customer-based brand equity. The franchisees in the study discussed the importance of their customers' brand awareness and image, as well as the effect the brand has on customers' behavior toward the franchised unit. Customer's brand awareness was considered salient in attracting new customers, by reducing consumers' perceived risk.

The franchises' standardized organizational routines are another key to success among franchise chains (Eroglu & Kaufmann, 1999). The franchisors typically offer new franchisees a program for training. The training covers the franchisor's production system, marketing resources, and organizational culture as well as business management technique (Dicke 1992).

In Ghanous and Jaolis's qualitative study, two franchisees pointed out that the brand, and image of a franchise can also drive positive reactions from financial partners and specifically banks. Two franchisees stated that the brand can reduce bankers' perceived risk when evaluating the franchisee's business project when applying for a loan. The brand may act as a risk reducer,

enhancing a banker's trust in the franchisee's potential for success and in turn of paying back their loans.

Theoretical Foundation and Applications

Psychological theory supports the creation of a business plan for the start-up of a business. The preparation of a business plan is consistent with the premise of the goal setting theory (Lock & Luthan, 1990). This theory asserts that mental processes guide human action, and the process of preparing a business plan improves the human action of an entrepreneurial person or team. Business planning defines the objectives of a business and in turn supports implementation (Rousseau, 1977).

Resource-based theory states that firms with valuable, rare, difficult to imitate and non-substitutable resources will achieve above-average performance (Barney, 1991). Franchisors provide at least two important resources: brand names and operations routines (Kaufmann & Eroglu 1999). Brands are strategic resources because prior investments in brand building have a cumulative effect over time. This makes it difficult for new competitors to build parity in brand awareness (Cool & Dierickx 1989), and continued investments further build a brand's value (Aaker, 1996). Because franchisees share a common brand name with the franchisor, they benefit directly from investments franchisors make in the brand.

CHAPTER 3

METHODOLOGY

Previous Studies

S.M. Hermann conducted a master's thesis to identify factors of the competitive environment conducive to opening a recreational and athletic training facility in the 30-mile radius of the Dearborn, Michigan area. His purpose was to examine the different aspects of opening an exercised based business. He utilized survey methods and all questions of interest were asked via phone interview. His study was used to answer two research questions: What type of exercise-based business could compete against the other exercise-based businesses and related non profit organizations located within a 30-mile radius of Dearborn Michigan and (2) What are the existing exercise-based businesses and related non-profit organizations located within a 30-mile radius of southwest Dearborn, Michigan doing to survive in the current competitive economy? He utilized descriptive statistics and found indications that there is a need for a facility that specifically targets sports and athletic training. He also found that in order to thrive in the economic recession and remain competitive, most businesses are utilizing promotions to retain current and attract new members. Businesses offering discounts were the most prevalent form of promotions, in the form of membership fees (40%), enrollment fee elimination (39%) and contract elimination (34%). Although his purpose and research questions are different from this researcher's purposes. His study provides s framework for methodology for this present research study.

Subjects

The target population for this study was small business health clubs located within the 60-mile radius of the in the Research Triangle Park. There are 176 businesses listed as “health club” in the RTP area, found on yellowpages.com The list of businesses was examined and downsized to a total of 108 after duplicates, closed businesses and businesses that did not fit the definition of a small business health club were eliminated. Subjects who participated in the survey were limited to owners, managers and assistant managers to control for the validity of responses. Phone contact was used to initially communicate with the businesses, inquire about their willingness to participate in the study, and attain their email address.

Instrumentation

A survey was created with questions based on a foundation of the literature. In an effort to enhance the validity, the survey was reviewed by a panel of experts including two Master’s Sport Administration professors, a professor with a focus in research and Recreation Administration and a fourth Senior Associate Director of Business & Strategic Planning and Director of Fitness for UNC Campus Recreation. Prior to sending the link of the survey to the subjects, a pilot study with a sample size of five managers and small business owners was conducted to confirm that the questions were clear and easily understood.

Subjects received the link to the survey in e-mail, using Qualtrics. Every question in the survey pertains to at least one of the four research questions. A consent letter was created to inform participants of the survey’s purpose and the link to access the survey (See Appendix 2). The survey was created to include all questions that were of interest for the study (see Appendix 3).

Data Analysis

Data for Quantitative Research Questions one and two will be analyzed utilizing chi-square regressions. Content analysis methods will be used to answer Qualitative and exploratory research questions three and four.

CHAPTER 4

RESULTS

Demographic Information

Of the 108 businesses, successful phone contact was made with 71. Of the 71 contacted, 59 of the businesses agreed to participate in the survey and 43 ultimately participated yielding a response rate of 72.9% with the sample contacted, and 39.8% of the target population. Of the 43 respondents, 38 are business owners, three managers and two assistant managers. Of the 43 participants, 65% (n=28) of the 43 respondents started their business with the writing of a formal business plan, and 28% (n=12) did not and 7% was not a part of the planning process (n=3). Of the respondents 12 (n=12) offer franchised classes, 12 (n=12) offer licensed classes and 19 (n=19) offer neither. Over half of the businesses (58%) have been open for 5 years or fewer, 28% (n=12) of the businesses have been open from 6-10 years and, 7% (n=3) have been open for 11-15 years and 7% (n=3) for more than 15 years. Eighty-one percent of the respondents (n=35) offer three or less different fitness class formats (such as Zumba, Pilates, yoga etc.), 9% (n=4) offer four to six formats and 9% (n=4) offer more than size. A listing of respondent demographic information is presented in Table 1.

Table 1
Small Business Health Club Demographic Information

	%	N
Type of Health Club		
Franchise Class	28%	12
Licensed Class(es)	28%	12

Neither Franchised nor Licensed Classes	44%	19
Creation of Business Plan		
Yes	65%	28
No	28%	12
Was not a Part of Planning Process	7%	3
Years Health Club has been in Business		
0-5 years	58%	25
6-10 years	28%	12
11-15 years	7%	3
More than 15 years	7%	3
Formats of Fitness classes offered by Health Club		
0-3	81%	35
4-6	9%	4
more than 6	9%	4
<hr/>		
43 Businesses participated		

Formal Business Plan Use

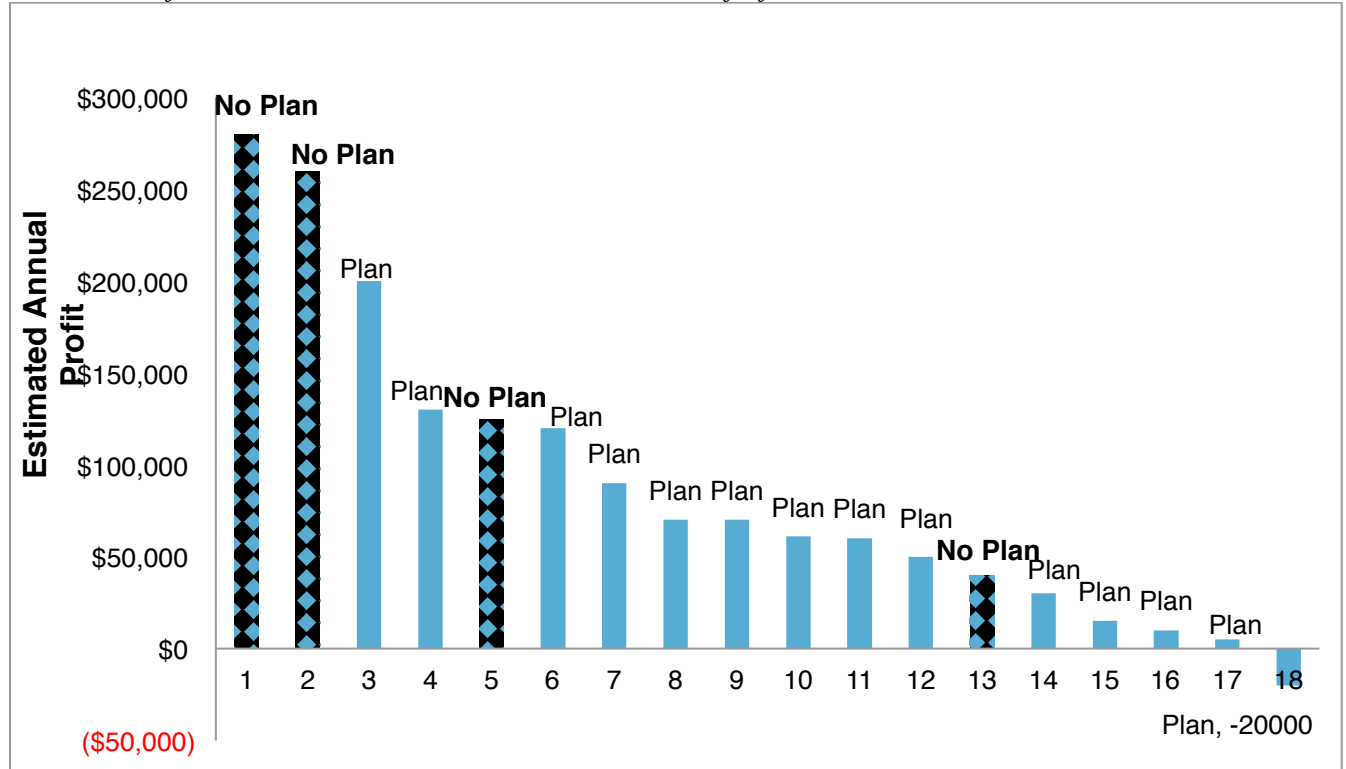
For data analysis respondents were divided into two exclusive categories. They include those that began with the writing of a formal business plan, and those that did not. Each of the respondents ROI (Return on Investment) and estimated annual profit was calculated by the researcher by utilizing responses to question 14 in the survey: “What is the health club’s estimated total annual revenue?” and 16 “What are the businesses’ estimated annual expenses?” Although 43 businesses participated in the survey, not all participants answered every question. Respondents had the option to omit any question for any reason. Of the 43 businesses, 18 answered survey questions 14 and 16, enabling the researcher to calculate their estimated annual return on investment and estimated annual profit. The 18 respondents are the businesses used to answer quantitative research questions 1 and 2.

For statistical analysis, return on investment figures were divided into 3 exclusive levels. Level 1 is an ROI of 33.3% or less (businesses may have a negative ROI as well). Level 2 is an ROI of 33.4%-66.6% and level 3 includes anything above 66.7%. A Pearson Chi Square test was utilized to explore how likely the observed distribution in the 3 ROI categories was due to chance. The relationship between the writing of a formal business plan and financial success was found to be insignificant. $\chi^2 (4, N=18)=4.2, p=.38$

A second Chi Square analysis was performed utilizing the business's estimated annual profit as the dependent variable. There were again no statistically significant findings. For a chi square test, it is recommended to have the cell frequency of each category (in this case categories are "Plan" and "No Plan") at 5 or greater. Of the 12 respondents with "No Plan" only 4 answered questions 14 and 16, enabling the researcher to calculate their ROI% and estimated annual profit. With only three in one of the categories, the chi-square test does not give an accurate of a reading as desired to find how likely the dispersion is due to chance. Because of this limited sample size, we have included a graph that illustrates trends in the data. Graph 1 illustrates the dispersion of estimated annual profit for "Plan" health clubs and "No Plan" health clubs in the RTP area.

Figure 1

Utilization of Business Plans and Estimated Annual Profit for Small Business Health Clubs



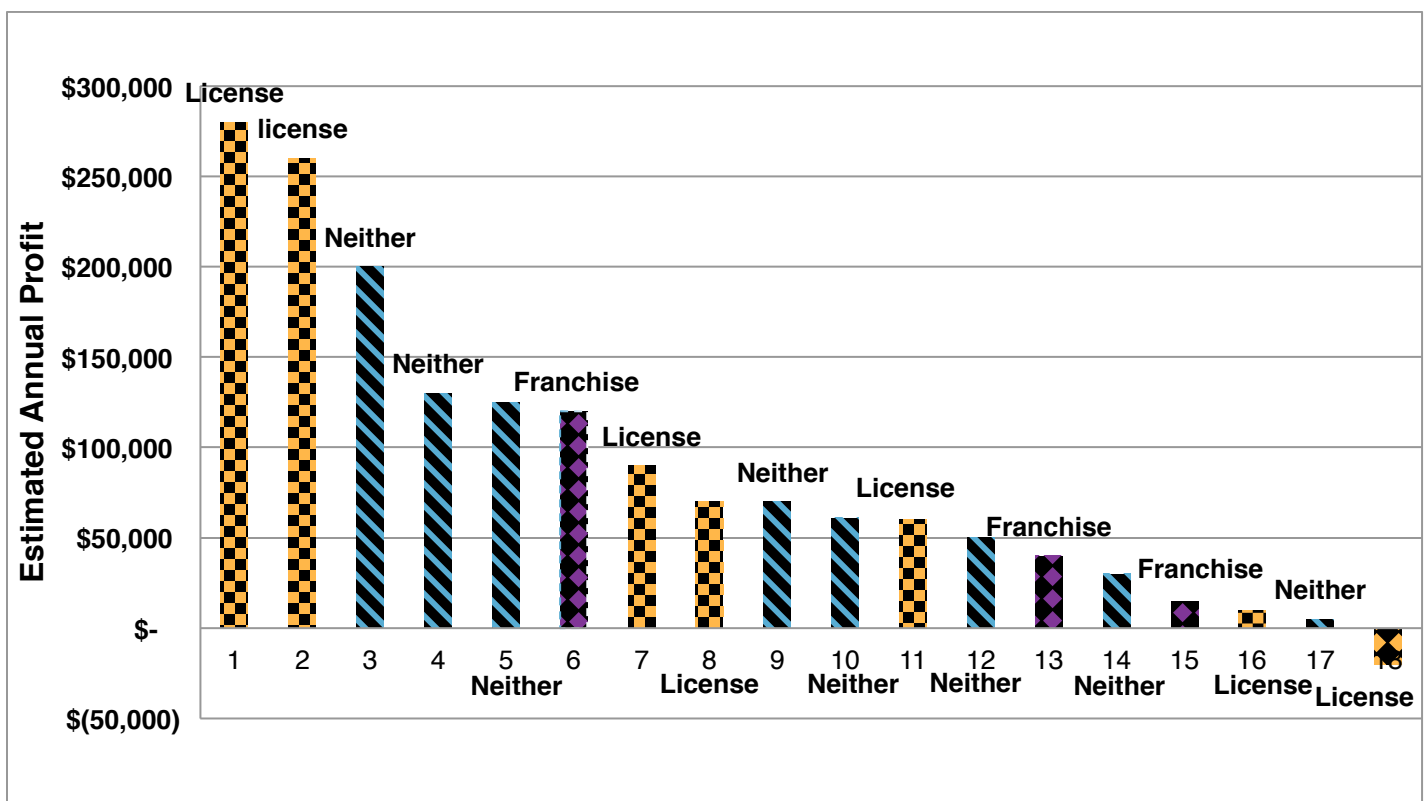
Health Club Business Model

Respondents were asked “Is your small business a franchise?” and “Does the business offer any fitness classes that are licensed (including but not limited to Zumba, Les Mills, Crossfit etc.)”? The small business health clubs were sorted into one of the three exclusive categories. The three categories include: Franchise Fitness Studios (“Franchise”) studios offering licensed classes (“License”) and studios offering neither franchised nor licensed classes (“Neither”). A Pearson Chi Square test was performed to examine if the dispersion of ROI levels (same 3 levels as above) was due to chance. No relationship was found between the two variables: χ^2 (2,N=18)=.82, p=.67 For consistency a Chi-Square was run with estimated annual profit and again there were no statistically significant findings.

The results are inconclusive for the same reason mentioned above. For a chi square test it is recommended to have the cell frequency of each category (in this case categories are type of classes) at five or greater. Of the 12 franchise respondents in the survey, only three answered questions 14 and 16, enabling the researcher to calculate their ROI% and estimated annual profit. With only three in one of the categories, the chi-square test does not give an accurate of a reading as desired to find how likely the dispersion is due to chance.

Graph 2 illustrates the dispersion of business models for their estimated annual profit. The graph created with the provided information shows no relationship between estimated annual profit and business model choice. Licensed class health clubs bookend the spectrum, with both the highest and the lowest estimated annual profit, and the three franchise studios are distributed throughout, in the middle and lowest tier of estimated annual profit levels.

Figure 2
Business Models and Estimated Annual Profit for Small Business Health Clubs



Differentiation in the Marketplace

Respondents answered the open-ended question in the survey, “What does the business do to differentiate itself in the marketplace, ensuring its success?” Themes to the responses were categorized, coded and tallied by the researcher. Of the 31 responses, the most popular cited method (68%, n=21) was offering reliability and innovation, approximately one-third (35%, n=11) wrote about cultivating a community environment, 32% (n=10) mentioned defining a niche in the market place, 32% (n=10) wrote about keeping members happy, 29% (n=9) attributed their differentiation in the marketplace to staying in touch with members. Others mentioned strategies including the utilization of promotional e-mails (such as Groupon and Living Social) (23%, n=7), the expansion of physical presence (more of something such as free weights or equipment) (23%, n=7) and the offering of childcare and/or classes for children (1%, n=3). Table 2 shows frequency of responses.

Table 2
Differentiation in the Marketplace

	%	N
Offer Reliability and Innovation	68%	21
Cultivate a Community Environment	35%	11
Define a niche	32%	10
Stay in Touch with Members/Stay Connected with Members	32%	10
Remain active in the community	29%	9
Keep Members Happy	26%	8
Utilization of Promotional e-mails and discounts	23%	7
Expand Physical Presence	23%	7
Childcare	1%	3

31 respondents of 43 participants answered this question

Challenges Facing Small Business Health Clubs in the RTP Area

Participants were asked the open-ended question, “What has been your greatest challenge while owning/managing the business? How did you overcome it? Responses were recorded by the online survey and responses were then coded and tallied by the researcher. Response themes are as follows: managing staff/ employees with 12 responses (39%), marketing challenges (10 and 32%), gaining a competitive advantage in the market place (7 and 22%), time management (personal management of the owner’s or manager’s life/work balance; 5, 16%), cultivating and maintaining client relationships (4; 13%) and cost of rent/taxes/utilities (3 responses; 1%). Table 3 illustrates the tallied themes in responses.

Table 3
Biggest Challenges Facing Small Business Health Club

	%	N
Managing staff/ employees	39%	12
Marketing Challenges	32%	10
Gaining a competitive advantage in the market place	22%	7
Time Management	16%	4
Cultivating and Maintaining Client Relationships	13%	4
Cost of rent/taxes/utilities	1%	3

31 respondents of 43 participants answered this question

Other Findings

Answers to other questions in the survey revealed that most (62%, n=26) of the small business health club owners used personal funding only to begin their business venture. Most of the businesses (78%, n=32) are 5,000 square feet or less and employ 10 or fewer people (52%, n=22). The most accepted certification was the “Other” category (80%, n=32). The most frequently used promotion is a free day pass (46%, n=18) and the most utilized marketing initiative is Facebook (95%, n=41). The cost of the most popular membership for nine of the

studios is less than \$50, for 14 of the studios \$51-\$100, 12 studios \$101-\$150 and five of the studios more than \$151. A full list of information is provided in Table 4.

Table 4
Business Practice Information

	%	N
Sources of Funding for Business		
Personal Funding Only	62%	26
External Funding Only	5%	2
Personal and External Funding	33%	14
Size of the facility (approximately)		
0-5,000 square feet	78%	32
5,000-10,000 square feet	12%	5
10,001-15,000 square feet	7%	3
more than 15,000 square feet	2%	1
How many employed by the business		
1-10	52%	22
11-20	30%	13
21-30	13%	4
More than 30	1%	3
Certifications accepted for employment		
AAPTE	3%	1
ACTION	0%	0
ACSM	23%	9
ACE	23%	9
CSCCa	8%	3
NASM	23%	9
NSCF	23%	9
NSTA	3%	2
NETA	3%	3
NFPT	5%	1
NSCA	3%	6
PMA	15%	3
CI	8%	3
Other	80%	32
Promotions		
Discounts on Membership	38%	15
Elimination of Enrollment Fee	23%	9
No contract to enroll	28%	11
Discounts on classes	41%	16
Discounts on Personal Training	18%	7
Free Day Pass	46%	18
Guest Pass	28%	11
Other	36%	14

Marketing Initiatives Utilized

Facebook	95%	41
Twitter	65%	28
Instagram	53%	23
Other social media use	23%	10
Other forms of advertising	44%	19
Rewards Program	26%	11
Contests	40%	17
Sales Promotions	67%	29

Cost of most popular membership

\$0-\$50	23%	9
\$51-\$100	35%	14
\$101-\$150	30%	12
More than \$150	13%	5

43 Respondents

CHAPTER 5

DISCUSSION

Formal Business Plan Use

Although Psychological Theories such as the Goal-Setting Theory (Lock & Luthan, 1990) supports the creation of a business plan for the start up of any business, no relationship was found between financial success of the small business health clubs in the RTP area and the creation of a formal business plan. It is however apparent from the survey that many believe the creation of a business plan is still relevant for the start up of a small business. Of the respondents to the survey 65% (n=28) began with a business plan, 28% (n=12) had no plan and 7% (n=3) of the respondents had no hand in the planning process.

These findings are consistent with Bewayo's (2010) findings showing that of the 355 small businesses in New Jersey, 50% of the entrepreneurs wrote a business plan, and the other 50% did not. It could have been arguable that many of the owners needed to write one for financial backing, according to the survey, at least 16 (38%) of the small business owners used external funding to some degree (such as a monitored funds from the SBA or a bank) to begin their business. A correlation analysis was utilized to explore if a relationship existed between studios that utilized a business plan and those that utilized external funds. No relationship was found between businesses that utilized external funds and those who wrote a business plan $\chi^2(1, N=43) = .13, p = .51$.

It is interesting to note that the businesses with the two highest estimated annual profit for the year 2014 did not write a business plan. Although the chi-square analysis shows no relationship between the writing of a formal business plan and financial success, it is apparent that most think it is helpful in the implantation of business practices.

If more respondents had answered the questions pertaining to their estimated annual revenue and expenses, a more powerful statistical analysis could have been run and potentially other findings could have been made. Some respondents did respond to the questions, however their responses were not usable for the intentions of the study. One respondent said “To be Determined, open for 7 months” (Respondent 25), another said “Unknown at this time, I just bought this facility last September, haven’t finished my first year yet as owner” (Respondent 12) and two others said “cannot disclose (Respondents 16 and 40)”. If all 43 participants had given data for this question, a relationship may have been found. It is possible respondents did not answer the questions because they were uncomfortable giving this information for the study or they simply did not know this information. Others own multiple small business health clubs and were unsure how to answer the questions for just one of their studios. When asked to participate in the study, one respondent stated (via telephone) that they own three small business health clubs, two are partnerships with others, and the third one she owns with her husband. She was unsure of how to answer for just one of her studios in the Triangle.

Health Club Business Models

Of the respondents, 28% (n=12) are fitness franchise studios, 28% (n=12) offer licensed classes, and 44% (n=19) offer neither licensed nor franchised classes. The Resource-based theory states that firms with valuable, rare, difficult to imitate and non-substitutable resources will sustain above-average performance (Barney, 1991). This theory suggests that the franchises

would perform more financially successfully than the “license” studios and the “neither” studios, due to their high brand equity. However no relationship was found between level of financial success and health club business model used. It is unfortunate that only 3 of the franchises answered questions 14 and 16 allowing the researcher to calculate annual estimated ROI and estimated annual profit. With more responses a statistically significant finding could have potentially been made and a relationship found. It is noteworthy that the top two performing studios offer licensed classes (suggesting that the licensed model may be preferable) however the small business health club with the lowest estimated annual profit (-\$20,000) also uses the licensing model, providing contradictory evidence to support this idea.

It makes one question why owners would pay for the expensive licensing fees, and even more expensive franchise fees if they seem to have no effect on financial success for the small business health clubs in the RTP area. Although it may not show in the statistical data, the intangible benefits of franchised classes surfaced in some of the open-ended questions.

One respondent said, “Our franchise has evolved over 40 some years. We are still here when everyone else has gone. Our program changes and keeps up with what is going on in the fitness industry. I am a franchised/certified instructor and am monitored annually to be sure I am doing everything correctly... We are currently rebranding the franchise. There is a lot of excitement and new class formats added to our program. It’s been a great shot in the arm. I have been a franchisee and instructor for 28 years, My franchise... supports thousands of franchisees around the world. They are an excellent company to work with. They provide us with many materials, ideas and support to be successful business owners” (Franchise owner, Respondent 23). This response echoes the thoughts expressed in the qualitative study conducted by Ghantous and Jaolis (2013) showing that franchisees enjoy being associated with a leading brand. Some

use the brand and its image as a self-expressive tool, by stressing the importance of congruity with the franchise brand. The brand also conducts national advertising and communication campaigns which the interviewees in Ghantous & Jaolis's study believed enhance brand awareness and build strong brand image.

Other licensed studio owners voiced frustrations with their licensed format of Crossfit. One respondent said their biggest challenge of owning/managing their business was "Overcoming the negative attitude towards CrossFit itself" (Crossfit owner, respondent 12) and another said "No restrictions in territories of CrossFit affiliates. Gyms can open next door if they wanted to. I have to continually build and create ways to show and prove value in my higher prices" (Crossfit owner, respondent 3).

Differentiation in the Marketplace

Ghemawat's (2002) study states that the owner of a small business must find what other companies in their market are doing to attract and retain customers; they then must find a way to differentiate themselves from their competition. Agro's (2007) seven strategies were noticeably present amongst respondents, and were tallied by the researcher, the two categories of: (1) stay connected with members and (2) stay in touch with members were so similar, they were combined for tally purposes, and then were added to a couple of other themes noticed by the researcher. In addition to Agro's seven strategies, three additional themes emerge, including: (8) cultivate a community (9) the offering of childcare and/or classes for children (10) the utilization of promotional e-mails.

Many of the responses showed they attributed their success to more than one of the aforementioned themes. One said, "consistent quality teachers, reliable communications and an attitude that the customer is always right" (Respondent 6) showing they attribute their success to

the themes (1) reliability and innovation, (2) stay in touch with members and (3) keep members happy. A second said, “We run all boxing and kickboxing classes. We are the only place in the area that does this for purely fitness and not fighting.... We are a club and treat our members like they belong. We know their names, goals, and reason for being here” (Respondent 29). This response shows the themes of (1) reliability and innovation (2) Staying in touch with members (3) Staying connected with members and (4) Cultivate a Community Environment. A third respondent said, “We stress on a family oriented, very friendly and caring facility that cares if you show up to classes. We actually call our members who do not show up to classes to find out what is going on. We actually CARE!...We provide the BEST childcare facility so the Moms can rest assure that their kids are also okay for that hours that moms are working out. We are a very unique type of studio gym facility” (Respondent 40). They are illustrating: (1) Offer reliability and innovation (2) Cultivate a Community Environment (3) Stay in touch with members (4) Childcare. The focus on creating a community environment is also supported by Bentkowski (2003) who claims that a fitness club will have an advantage on membership retention if all members are recognized and properly addressed (Bentkowski, 2003). Furthermore McCarthy (2004) suggests that a staff culture that appreciates every member every time they enter the health club can be a factor in membership retention. His findings showed that front desk and corporate values of peak attitude and communication are associated with members’ intention to stay with a business. Agro’s (2007) article also includes quotes from small business owners, speaking about the importance of forming a relationship with clients. One owner stated, “People would leave our business a lot quicker than they would leave our relationship” (Agro, 2007).

Wehrach, Mann, Robinson and Pharr (1991) also found that the only way to maintain a competitive advantage against big businesses is to have a specialization of classes and focus on defining a niche. This may be why most of the respondents offer three different types of classes or less, illustrating the concept of “You can’t make everybody happy; focus on what your club is good at,” as Lewis Small, assistant professor of marketing at York College of Pennsylvania, stated (Qtd. in Agro 2007).

Challenges Facing Small Business Health Clubs

The biggest challenges facing the small business health clubs in the RTP area were managing staff and employees, finding the best way to market your business and thirdly gaining a competitive advantage in the marketplace.

Human Resource Management is one of the biggest challenges facing businesses today (Buhler, 2002). Just like any other business, human resources can provide the foundation for the organization’s competitive advantage (Buhler, 2002). The fitness industry is very much a person-based industry, and in order to compete, survive and prosper in the fitness industry, the service environment must operate at a premium level (MacIntosh & Doherty). McCarthy (2004) argues that the importance of the front desk should be taken very seriously since it is the “front line for combating membership attrition” (McCarthy, 2004).

One respondent stated their biggest challenge was “getting people in the door” echoing the statement by Honig and Karlsson (2013) that a new exchange is more difficult to achieve than maintaining an existing one. When asked how they overcome their challenges, the general sentiment reflected that respondents are still trying to find the best way to overcome their greatest challenge. One answered, “I haven’t overcome this issue” (respondent 19). Of the responses given, they all echoed the same importance of experience, and learning as a small

business owner to overcome challenges. One said the best way to overcome their challenge was through “trial and error” (Respondent 38) a second said, “gather more data on what works” (Respondent 16) and a third said “I work on this all the time” (Respondent 20).

Other Findings

To cultivate the new exchanges and increase business exposure many of the studios showed using social media to increase business and foot traffic. Just as Nelowet (2013) expressed, social media is an almost imperative component to marketing. Almost all of the health clubs utilize Facebook (95%, n=41 health clubs) 28 of them use Twitter, and 23 use Instagram. The “other” most cited social media outlets used include: Google Plus, Class Pass E-mails, Groupon and Living Social Deal e-mails.

Findings were relatively different from what Hermann (2007) found in the analysis of the Dearborn Michigan area. He found offering discounts were the most prevalent form of promotions for health clubs and fitness facilities, in the form of discounted membership fees (40%), enrollment fee elimination (39%) and contract elimination (34%). Compared to the current study found the three most prevalent forms of health club promotions are: Free Day Passes (46% n=18), Discounts on classes (41% n=16) and Discounts on Membership fees as third (compared to first) (38% n=15). This disparity may be explained by the fact that Herman’s study includes larger health clubs and public gyms (such as YMCA’s and recreation centers) where this study only focuses on small business health clubs. Their business models and methods may influence the discrepancy in promotions.

Although it was a surprising to find that over 80% of the studios require something other than the traditional NCCA certifications for employment it became easily understandable once the “other” responses were specified. Almost all of the responses were either a specialty Yoga

Certification called the “Yoga Alliance” Certification or one of the many licensed or franchise certifications (Such as Zumba, Crossfit, Les Mills, or Pure Barre), illustrating the presence of licensed and franchised classes in the market.

For further analysis purposes the researcher examined the three small business health clubs that had been open for the longest period of time (more than 15 years) and examined their responses to all questions in the survey to see if a pattern could be found from those three businesses: One of the businesses had an estimated annual profit of \$70,000 and an ROI of 88%, a second with an estimated annual profit of \$130,000 and an ROI of 108%. and the third chose not to answer questions 14 and 16 in the survey. The three businesses varied in business plan use, how many classes they offered, their choice of promotions and cost of most purchased membership. However, all three offered neither franchised nor licensed classes. When asked what they did to differentiate themselves in the market their responses are as follows (1) “We differentiate ourselves by being a woman's only facility. We will provide a sense of community for women to exercise in a safe and nurturing environment! Raleigh's only full service women's facility” (Respondent 12). The second said “Welcoming for both men and women” (Respondent 32) and the third said “Offering a more fitness oriented facility, with an excess amount of free weights and machines” (Respondent 28). For their biggest challenges their responses include: “Rising monthly expenses and cash flow, we overcame it by changing our pricing structure and changing the ratio of paid in full memberships to monthly draft” (Respondent 12), the second said, “Employees, trial and error” (Respondent 28) and the third responded, “rent, taxes, payroll” (Respondent 32). The data and responses from the three oldest studios show no significant differentiations from the other studios, with the exception that all three studios found a way (whichever way that may be) to differentiate themselves in the market, fill a niche in the

marketplace and overcome their challenges with trial and error, creativity and eventually experience.

Limitations

As previously mentioned, it is unfortunate only 18 of the respondents provided financial information in the survey. The chi-square analyses could have been much stronger with more respondents. It is also possible there are other small business health clubs in the RTP area that were not included in this study, if they were not listed on yellow pages.com. The respondents were prompted for their “estimated annual revenue” and “estimated annual expenses” however their estimations could have been inaccurate. It is also possible the year 2014 is the business’s best year financially thus far, or by far their worst. This study shows a snapshot of the businesses financial performance for only the year 2014.

Future Studies

If a researcher were to replicate this study, they would benefit by taking a more proactive approach to questions 14 and 16 in the survey (asking for estimated annual revenue and estimated annual expenses). When asking for participation, the researcher should tell the potential participants that the two financial questions will be asked, and ask them if they are comfortable and able to answer them. If they are uncomfortable, perhaps the researcher may find a way to show the legitimacy of the study and emphasize IRB approval to show their information will be kept confidential. It also may take some time for owners to look through their books to find what their financial information is for the year. This is especially true if many of the owners have more than one studio. If they have a forewarning that they will need to know this information, they may look it up prior to taking the survey, making it more likely they will provide this information for the study.

There are many related studies that would make excellent follow-up studies to this thesis. The most logical follow-up would be to replicate this study but open the survey up to more participants. Perhaps all small business health clubs in the state of North Carolina, or another state altogether. It could also be made more specific in scope. For example it could focus on the small business health club franchises only, Yoga studios, or the licensed classes of Crossfit Boxes, across the country.

Although there is some literature to date, (such as the study by Doherty and MacIntosh, 2007) that discusses the role of relationships between front desk staff/personnel and success of small businesses, many more are needed. A study focusing on the role of relationships between desk and staff, and the importance of creating a community within a small business amongst clients would add to the literature for small business health club success.

The purpose of this study was to identify entrepreneurial strategies conducive to growing a successful fitness business in the Research Triangle Park area and is designed to benefit aspiring entrepreneurs especially in the health and fitness industry. No statistically significant data shows the best way to begin and maintain a small business health club, however the most obvious pattern found in the study were an emphasis on customer service and relationship building between the customers and the owners/staff. The researcher found the RTP area is full of small business health clubs offering a plethora of fitness classes in various formats, utilizing different business models and practices. All of the health clubs differentiate themselves by offering different types of classes, number of classes, and help clients reach various fitness goals (endurance/strength/flexibility/weight loss etc.) However, the literature and responses in this study show that creating a unique product, filling a niche, and creating a community environment with personal relationships promote success in a small business health club.

APPENDIX 1

RECRUITING SCRIPT

Hello, my name is Hannah Fleishman. I am a Sport Administration Masters student at the University of North Carolina at Chapel Hill, researching the strategies of opening a successful small business health club. I am interested in learning about the methods used to begin and grow a small business in the Research Triangle Park Area.

I am calling because you can help us in this research endeavor by filling out the short, approximately 5 minute long online survey. Would you be so kind to help me with my research and may I send you the online link to my survey?

APPENDIX 2

LETTER FOR PARTICIPATING HEALTH CLUBS

Dear Health Club Business Owner/Manager/ Assistant Manager:

I am a Sport Administration Masters student at the University of North Carolina at Chapel Hill, researching the strategies of opening a successful small business health club. I am interested in learning about the methods used to begin and grow a small business in the Research Triangle Park Area. The components of interest include: the creation of a business plan, funding, fitness certifications and certain marketing aspects including: location, competition, sales promotions, brand equity, licensing and franchising.

You are being contacted because you can help us in this research endeavor by filling out the short, approximately 5 minute long online survey linked below.

By clicking the link to the survey, you agree to be a participant in this study.

Your participation is voluntary, and you may skip any question for any reason. Your identity and responses will be confidential and there will be no reported connection between your responses and your business. If you have any questions or concerns about the study, or if you are interested in receiving a report of the findings, please feel free to contact me directly by e-mail (hfleish@live.unc.edu). If you have any questions about your right as a research participant, you may contact the University of North Carolina Institutional Review Board by phone (919-966-3113) or by email (subjects@unc.edu) and mention study number 14-2758.

Thank you for your time and participation in this important study.

Sincerely,

Hannah Fleishman

APPENDIX 3

SURVEY

Entrepreneurial Strategies

Q1 How many years has the facility been in business?

- ☐ 0-5 years (1)
- ☐ 6-10 years (2)
- ☐ 11-15 years (3)
- ☐ 15-20 years (4)
- ☐ more than 20 years (5)

Q2 How large is the facility approximately?

- ☐ 0-5,000 square feet (1)
- ☐ 5,000-10,000 square feet (2)
- ☐ 10,001-15,000 square feet (3)
- ☐ more than 15,000 square feet (4)

Q3 How many employees does the business employ (including instructors, trainers, desk staff etc.)?

- ☐ 1-10 employees (1)
- ☐ 11-20 employees (2)
- ☐ 21-30 employees (3)
- ☐ more than 30 employees (4)

Q4 Before starting this health club business, did you (or the owner) create a formal business plan?

- ☐ Yes (1)
- ☐ No (2)
- ☐ I was not a part of the planning process for this business (3)

Q5 What type of funding was utilized to start the business?

- ☐ Personal funding only (1)
- ☐ External funding only (2)
- ☐ Personal funding and external funding External funding (3)
- ☐ other, please specify (4) _____

Q6 Which of the following certifications does the business require the fitness instructors/ trainers to obtain for employment? Please select all the business accepts.

- ☐ The Academy of Applied Personal Training Education (AAPTE) (1)
- ☐ ACTION Certification (2)
- ☐ American College of Sports Medicine (ACSM) (3)
- ☐ American Council on Exercise (ACE) (4)
- ☐ Collegiate Strength and Conditioning Coaches association (CSCCa) (5)
- ☐ National Academy of Sports Medicine (NASM), National Council for Certified Personal Trainers (NCCPT) (6)
- ☐ National Council on Strength and Fitness (NCSF) (7)
- ☐ National Exercise and Sports Trainers Association (NSTA) (8)
- ☐ National Exercise Trainers Association (NETA) (9)
- ☐ National Federation of Professional Trainers (NFPT) (10)
- ☐ National Strength and Conditioning Association (NSCA) (11)
- ☐ Pilates Method Alliance (PMA) (12)
- ☐ The Cooper Institute (CI) (13)
- ☐ Other (please specify/list) (14) _____

Q7 How many different categories of fitness classes does the health club offer (e.g. aerobics, yoga, Pilates)?

- ☐ 0-3 (1)
- ☐ 4-6 (2)
- ☐ more than 6 (3)

Q8 What type of training classes/ programs does your health club offer? (Check all that apply)

- ☐ Aquatics (1)
- ☐ TRX (2)
- ☐ Aerobics (3)
- ☐ kickboxing (4)
- ☐ Zumba (5)
- ☐ Pilates (6)
- ☐ Bootcamp (7)
- ☐ Yoga (8)
- ☐ Spin (9)
- ☐ Personal Training (10)
- ☐ Other (please specify) (11) _____
- ☐ Other 2 (please specify) (12) _____

Q9 Which of the following marketing initiatives is the business currently employing? Mark all that apply

- ☐ Social Media Use of Facebook (1)
- ☐ Social Media Use of Twitter (2)
- ☐ Social Media Use of Instagram (3)
- ☐ Other Social Media Use (Please specify) (4) _____
- ☐ Other forms of advertising (Please specify) (5) _____
- ☐ Rewards Program (6)
- ☐ Contests (7)
- ☐ Sales Promotions (8)
- ☐ Other, Please specify (9) _____

Q10 Does the business offer any fitness classes that are licensed? (including but not limited to Zumba, Les Mills, Crossfit etc.)

- ☐ Yes (Please list ALL) (1) _____
- ☐ No (2)

Q11 Is the health club business a franchise?

- ☐ Yes (please specify) (1) _____
- ☐ No (2)

Q12 How much does the most popular (most purchased) membership to the health club cost per month (for most members, without discounts nor special rates)

- ☐ \$0-\$50 (1)
- ☐ \$51-\$100 (2)
- ☐ \$101-\$150 (3)
- ☐ More than \$150 (4)

Q13 Which of the following does the business offer to promote membership? Please select all that are offered.

- ☐ Discounts on membership (1)
- ☐ Discounts- elimination of enrollment fee (2)
- ☐ Discounts- no contracts to enroll (3)
- ☐ Discounts on classes (4)
- ☐ Discounts on personal training (5)
- ☐ Free Day Pass (6)
- ☐ Guest Passe(s) (7)
- ☐ Other (Please specify) (8) _____

Q14 What is the health club's estimated total annual revenue?

Q15 For every dollar spent within the business, what is the approximate overall return on investment (in dollars)?

_____ Click to write Choice 1 (1)

Q16 What are the business's estimated annual expenses

Q17 What is the business's estimated total number of weekly patrons?

Q18 What does the business do to differentiate itself in the market, ensuring its success?

Q19 What has been your greatest challenge while owning/ managing the business? How did you overcome it?

REFERENCES

- Aaker, D. (1991). *Managing Brand Equity*. New York: The Free Press
- About Crossfit. (2014, October 14). Retrieved from <http://www.crossfit.com/cf-info/what-is-crossfit.html>
- About franchising with Pure Barre. (2014, September 12). Retrieved from <http://purebarre.com/franchise/>
- About Les Mills. (2014, September 11). Retrieved from <http://www.lesmills.com/about-us/>
- About Orange Theory. (2014, October 12). Retrieved from <http://www.orangetheoryfitness.com/About-the-Workout>
- Agro, B. (2007) Meeting the Chain Challenge: Here are 7 key strategies that small, independently owned fitness facilities can employ when competing with health club chains. *IDEA Fitness Journal*, 4(7). 55-60.
- Alexander, J. C., Carter, N. M., Frid, C. J., and Gartner, W. B. (2009). Financing the Emerging Firm: Comparisons Between PSED I and PSED II. In *New Firm Creation in the United States* (pp. 185-216). Springer New York.
- Alexandris, K., Douka, S., Papadopoulos, P., and Kaltsatou, A. (2008). Testing the role of service quality on the development of brand associations and brand loyalty. *Managing Service Quality: An International Journal*, 18(3), 239-254.
- Ashamalla, M. H., Abel, I., and Orife. (2008). Business plans: are they relevant to venture capitalists?. *Journal of Small Business & Entrepreneurship*, 21(4), 381-391.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Become a Zumba Instructor. (2014, September 14). Retrieved from <http://www.zumba.com/en-US/zin-benefits>
- Bewayo, E. D. (2010). Pre-Start-Up Preparations: Why the Business Plan Isn't Always Written. *Entrepreneurial Executive*, 15, 9.
- Bentkowski, F. (2003) A content member is a retained member, *Club Industry*, 28, November.
- Boreskie, S. L., Naimark, B. J., Ready, A. E., and Tate, R. (2005). Fitness centre membership is related to healthy behaviours. *The Journal of sports medicine and physical fitness*, 45(2), 199-207.
- Buchanan, L. (2012). Zumba Fitness: Company of the Year. *Inc. com Magazine*.

- Buhler, P. (2002). *Human resources management: All the information you need to manage your staff and meet your business objectives*. Adams Media.
- Burstiner, I. 1989. *The Small Business Handbook*. New York: Prentice Hall.
- Castrogiovanni, G. (1996). "Pre-Starting Planning and the Survival of New Small Business: Theoretic Linkages," *Journal of Management* 22 (6), 801–22.
- Cool, K. & Dierickx, I. (1989). Asset stock accumulation and sustainability of competitive advantage. *Management science*, 35(12), 1504-1511.
- Delmar, F., & Shane, S. (2004). Legitimizing first: Organizing activities and the survival of new ventures. *Journal of Business Venturing*, 19(5), 385-410.
- Dicke, T. S. (1992). *Franchising in America: The Development of a Business Method*, 1840–1980. Chapel Hill, NC: University of North Carolina Press.
- Doherty, A. and Macintosh, E. (2007). Reframing the service environment in the fitness industry. *Managing Leisure*, 12(4), 273-289.
- Drejer, A. (2004). "Back to Business and Beyond Strategic Management—An Area Where Practice and Theory Are Poorly Related," *Management Decision* 42 (3/4), 508–20.
- Dubost, N., Gauzente, C., Guilloux, V., & Kalika, M., (2004). How France's potential franchisees reach their decisions: A comparison with franchisers' perceptions. *Journal of Small Business Management*, 42(2), 218-224.
- Funk, D. C., & James, J. (2001). The psychological continuum model: A conceptual framework for understanding an individual's psychological connection to sport. *Sport Management Review*, 4(2), 119-150.
- Ghantous, N. & Jaolis F. (December 31, 2012). Conceptualizing Franchisee-based Brand Equity .*A Framework of the Sources and Outcomes of the Brand's Added Value for Franchisees*. International Business Research, 6(2). Retrieved from <http://dx.doi.org/10.5539/ibr.v6n2p112>
- Ghemawat, P. (2002). Competition and Business Strategy in Historical Perspectives. *Business History Review*, 76. 37-74.
- Goldstein, A. 1990. *The Complete Small Business Loan Kit*. Avon, MA: Adams Media Corporation.
- Keller, J. (2007) Group Fitness Has Pull." (2007). *Idea Fitness Journal*, 19. Retrieved from http://go.galegroup.com/ps/i.do?id=GALE%7CA159328846&v=2.1&u=unc_main&it=r&p=AONE&sw=w

- Gumpert, D.E. (2002) *Burn Your Business Plan! What Investors Really Want From Entrepreneurs*. Needham: Lauson Publishing Co.
- Herrmann, Steven M., "Entrepreneurial Factors for the Fitness Industry" (2011). *Master's Theses and Doctoral Dissertations*. Paper 354.
<http://commons.emich.edu/theses/354>
- Hillstrom, K., & Hillstrom, L. C. (2005). Sales promotion. In *Encyclopedia of Small Business* (2nd ed., Vol. 2, pp. 1013-1018). Michigan: Gale Thompson.
- Hing, N. (1995). Franchisee satisfaction: contributors and consequences. *Journal of Small Business Management*, 33(2), 12.
- How to Affiliate Crossfit. (2014 September 14) Retrieved from <http://www.crossfit.com/how-to-affiliate>
- Institute for Credentialing Excellence. (2009a). *National Commission for Certifying Agencies (NCCA): NCCA's mission*. Retrieved September 2014, from
<http://www.credentialingexcellence.org/AccreditationServices/CertificationAccreditation/NCCAMissionandVision/tabid/90/Default.aspx>
- Karlsson, T., & Honig, B. (2013). An Institutional Perspective on Business Planning Activities for Nascent Entrepreneurs in Sweden and the US. *Administrative Sciences*, 4(3), 266-289.
- Kaufmann, P. J., & Stanworth, J. (1995). The decision to purchase a franchise: a study of prospective franchisees. *Journal of Small Business Management*, 33(4), 22-33.
- Keller, K. L. (2001). *Building customer-based brand equity: a blueprint for creating strong brands* (pp. 68-72). Cambridge, MA: Marketing Science Institute.
- Latham, G. & Locke, E. (1990). *A Theory of Goal Setting and Task Performance*. Englewood Cliffs, NJ: Prentice Hall.
- Levitt, S. D. (2004). Understanding why crime fell in the 1990s: Four factors that explain the decline and six that do not. *Journal of Economic perspectives*, 163-190.
- Kahrović, I., Mavrić, F., Muric, B., & Radenkovic, O. (2014). The effects of regular physical exercise on the human body. *Physical Culture*, 68(1), 29-38.
- Mann, O. K., Pharr, J., Robinson, P. A., & Weinrauch, J. D., (1991). Dealing with limited financial resources: A marketing challenge for small business. *Journal of Small Business Management*, 29(4), 44.
- McCarthy, J. (2004). Industry lessons and what, and what not to do. *Boston, MA: International Health, Racquet and Sportsclub Association*.

- Michael, S. C. (1996). To franchise or not to franchise: An analysis of decision rights and organizational form shares. *Journal of Business Venturing*, 11(1), 57-71.
- Milner, C. (2005) Small Studios equals Big Business. *IDEA Fitness Journal*, 10-12
- Mullen, S. P., & Whaley, D. E. (2010). Age, gender, and fitness club membership: Factors related to initial involvement and sustained participation. *International Journal of Sport and Exercise Psychology*, 8(1), 24-35.
- Nelowet, S. (2013). The Challenges and Joys of Owning a Niche Franchise. Franchising World 44-46. <http://www.franchise.org/Franchise-Industry-News-Detail.aspx?id=61176>
- Pedersen, P. M. Walsh, P. & Williams, A. S. (2012). Brand associations in the fitness segment of the sports industry in the United States: extending spectator sports branding conceptualisations and dimensions to participatory sports. *International Journal of Sports Marketing & Sponsorship*, 14(1), 34.
- Physical Activity Council. *The Physical Activity Council Report*. (2014). Retrieved from <http://www.physicalactivitycouncil.com/PressRelease/>
- Ramachandran, N. (2004). Be your own boss. *U.S. News & World Report*, 137.3 (62).
- Rousseau, D. M. (1997). Organizational behavior in the new organizational era. *Annual review of psychology*, 48(1), 515-546.
- Jerominski, N. & Spring, T. (2008). Certification? Licensure? What's on PFT's Minds? (fitness forum: your feedback, concerns and insights). *IDEA Fitness Journal*, 5(3), 6-7.
- U.S. Census Bureau. (2014, July 1). *State & country quickfacts: Raleigh (city) North Carolina*. Retrieved 21, 2014, from <http://www.census.gov/quickfacts/table/INC110213/00>
- Turk, S. (2014) IBIS World Industry Report 71394. Gym Health and Fitness Clubs in the US. Retrieved September 14, 2014 from IBISWorld database.
- U S Small Business Administration. (2014). Title of Publication: What is SBA's definition of a small business concern? Retrieved from url: <https://www.sba.gov/content/what-sbas-definition-small-business-concern>
- Sexton, D. L., & Van Auken, P. (1985). A longitudinal study of small business strategic planning. *Journal of Small Business Management*, 23, 7.
- Van Praag, C. M., & Versloot, P. H. (2007). What is the value of entrepreneurship? A review of recent research. *Small business economics*, 29(4), 351-382.
- Vogel A. (November-December 2006). Franchising Your Fitness Business. *IDEA Fitness Journal*, 43-52.